

Message Text

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PAGE 01 MEXICO 02116 310146 Z

72

ACTION ARA-17

INFO OCT-01 ADP-00 EA-11 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 INRE-00 RSR-01

/104 W

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P R 310044 Z MAR 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 5185

INFO AMCONSUL MONTERREY

C O N F I D E N T I A L MEXICO 2116

E. O. 11652: GDS

TAGS: BEXP, ETRD, MX, JA

SUBJECT: PROPOSALS TO MANUFACTURE CRAWLER TRACTORS IN MEXICO

REF: A. MONTERREY A-15 B. STATE 056302

1. ACCORDING TO A USUALLY RELIABLE SOURCE IN THE AGRICULTURAL EQUIPMENT COMMITTEE OF THE SECRETARIAT OF INDUSTRY AND COMMERCE, WHICH IS CONSIDERING PROPOSALS TO MANUFACTURE CRAWLER TRACTORS IN MEXICO, GOM WILL APPROVE PLANS SUBMITTED BY INTERNATIONAL HARVESTER AND KOMATUS AND MAY YET APPROVE CATERPILLAR PROPOSAL. HOWEVER, NO SINGLE MANUFACTURER TO BE GIVEN EXCLUSIVE CONCESSION. GOM PREFERS MANUFACTURE BY SEVERAL COMPANIES AND WOULD LIMIT CRAWLER TRACTOR IMPORTATION AND MANUFACTURING RIGHTS TO THOSE COMPANIES.

2. CATERPILLAR DISTRICT REP CONFIRMED ESSENTAIL POINTS
REF A, REINFORCING HIS BELIEF CATERPILLAR MIGHT ULTIMATELY AGREE TO 60 PERCENT MEXICAN OWNERSHIP BUT WILL NOT BACK DOWN ON ISSUE OF CONTROL BY AMERICAN MANAGEMENT. HE SAID CRAWLER TRACTOR MARKET NOW ONLY 200 A YEAR BUT CLAIMS SUBSECRETARY OF INDUSTRY CAMPILLO SAINZ STATED RECENTLY THAT CRAWLER TRACTOR MANUFACTURERS RECEIVING MEXICAN MANUFACTURING RIGHTS MIGHT ALSO GET CONCESSION FOR CRAWLER LOADING EQUIPMENT WHICH MUCH LARGER MARKET.

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PAGE 02 MEXICO 02116 310146 Z

HE CONFIDED THAT GOM OFFICIAL UNDER CAMPILLO SAINZ PRIVATELY
URGED CATERPILLAR LAWYERS PERSUADE COMPANY AGREE TO GOM IMPOSED
WRITTEN CONDITIONS, WITH TACIT UNDERSTANDING THEY WOULD BE ALLOWED
TO FIND WAYS AROUND THEM.

3. EMBASSY SUSPECTS KOMATSU OFFER MAY INCLUDE CLAUSE FOR
EXCLUSIVE CONCESSION ENTIRE CRAWLER LINE BUT NO FIRM INFO
AVAILABLE. UNDERSTAND INTERNATIONAL HARVESTER AND KOMATSU
INVOLVED JOINT OPERATION IN JAPAN AND KOMATSU PLANS MANUFACTURE
IN BRAZIL, BUT UNABLE CONFIRM.

4. ON AUG 29, 1972, AMBASSADOR MADE REPRESENTATION TO TREASURY
SECRETARY MARGAIN ON BEHALF AMERICAN CRAWLER MANUFACTURERS, AT
WHICH TIME MARGAIN MADE NOTE OF AMBASSADOR'S STATEMENT BUT DID
NOT COMMENT.
MCBRIDE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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